

## TOBACCO TAX BILL TO KILL BIG CONCERNS

McReynolds' Plan Embodied in Measure Introduced by Hitchcock.

SLIDING SCALE PROVIDED

Would Affect Only Three of 2,700 Companies—Some Democrats Aroused.

WASHINGTON, June 5. Attorney-General McReynolds suggested today to the Senate Finance Committee his extraordinary plan for levying a graduated internal revenue tax upon the manufacturers of tobacco. President Wilson made it plain that he is not yet committed to this plan, but the Attorney-General undoubtedly had his approval in suggesting the matter.

Senator Hitchcock of Nebraska, after a conference with McReynolds, introduced in the Senate a bill carrying this scheme of graduated taxation. Mr. Hitchcock issued a statement in which he announced that the measure carried out in a general way the suggestion of the Attorney-General.

Senator Hitchcock in his statement boasts that the proposed legislation would handle the so-called tobacco trust so as to permit of successful competition. He says that of 2,700 companies only about three would be affected by this extraordinary taxation. He shows that under his proposed scheme the American Tobacco Company alone would have to pay \$2,000,000 a year, and Liggett & Myers \$1,000,000.

In the Hitchcock explanation of the bill appears this sentence:

"The power to tax to the point of destruction is unquestioned. It is summary, simple and irresistible. If it succeeds in this line of manufacture, it may succeed in others."

Democrats are stirred up.

Mr. McReynolds' proposal has stirred up strong feeling among the Democratic leaders in Congress. Privately many of them are bitter in criticism of the militant attitude which the Attorney-General has assumed. They are refraining, however, from expressing themselves publicly because they are not certain what is to be the attitude of the Administration in regard to this proposal to levy a tax upon big business for the protection of small competitors.

Democrats who are not averse to the proposition itself condemn the judgment of the Department of Justice in agitating the matter at this time. They insist that the tariff legislation and the coming revision of the currency laws are bound to cause uncertainty enough. If an effort is made to push this measure through as an amendment to the tariff bill it surely will stir up a fight within the ranks of the Democratic party and will delay the passage of the tariff bill itself.

Attorney-General McReynolds discussed his plan today with Chairman Simmons of the Senate Finance Committee and Mr. Simmons will lay it before the full committee. Some members of the committee were so impressed with the seriousness of the issue that they immediately sought information from President Wilson as to what he desired should be done.

Mr. Wilson replied that he had not considered the matter. It is uncertain what the committee will do, and its action probably will depend on the President.

Senator Hitchcock Explains.

Explaining his amendment Senator Hitchcock said:

"My amendment proposes to add a new section to the Underwood bill, and it is the same amendment that I offered last year to the excise tax bill. It levies a special additional excise tax on a sliding or graduated scale upon the manufacturers of tobacco, cigars, cigarettes, and snuff. It carries out the suggestion of the Attorney-General and would have the effect not only of raising additional revenue from the overgrown tobacco concerns but it would also handicap them as competitors with the smaller companies now rapidly being crushed out by the monopoly."

"Companies of ordinary size would not be subject to this tax because it does not apply to a production below 80,000 pounds of tobacco or 4,000,000 pounds of snuff a year, so that of the 2,700 tobacco companies probably only three would be affected and of the seventy-three snuff companies also only three would be taxed. In the matter of cigarettes the tax would fall only on two or at most three companies out of 478, and of the 20,000 cigar companies only two companies have a product large enough to be taxed."

Would Affect Only Big Concerns.

"Roughly speaking this additional or progressive excise tax would not reach a manufacturer until he controlled about 25 per cent. of the total production of the article. Over that amount he would be taxed in a rising scale on tobacco 1 cent a pound for the first million pounds per quarter; 2 cents a pound for the second million pounds per quarter and so on up to 6 cents a pound. These graduated taxes would be in addition to the regular 8 cents a pound tax that all manufacturers pay on tobacco. The same is true of the progressive tax on cigars and cigarettes and snuff."

"Last year the total excise taxes on tobacco, snuff, cigars and cigarettes was over \$70,000,000."

"If this special progressive tax had been levied on last year's business the following trust concerns would have paid this additional tax:

"American Tobacco Company, \$7,500,000; Liggett & Myers, \$3,100,000; Lorillard Company, \$1,400,000; American Snuff Company, \$77,000; George W. Helme Company, \$5,000; Weyman & Straton Company, \$51,000."

Make Charges of Repudiation.

Many members of Congress complain that any proposition to levy a graduated tax upon the big tobacco companies for the benefit of their competitors would be in effect a repudiation of a contract by the United States Government. It was pointed out that the decree under which the tobacco trust was dissolved was approved and accepted by Attorney-General Wickersham on behalf of the Federal Government.

The tobacco company has been operating under this decree ever since. Mr. McReynolds has not charged a violation of the decree. He has complained that the decree itself was a mere subter-

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## TRY MAGAZINE MEN IN MAIL FRAUD CASE

Promoters Accused by Government of Using "High Finance Methods."

The group of men who got into trouble in the attempt to introduce high finance methods into the magazine field were put on trial yesterday before Judge Mayer in the United States District Court on charges of using the mails in a fraudulent stock selling scheme. Frank Orff, president of the Columbian Publishing Company, which combined six publications, including *Hampton's Magazine*, under one management in 1911 and sold stock to subscribers and others at \$1 a share, heads the list of defendants. The others are John F. B. Atkin, a Philadelphia lawyer, Lee Sidwell, secretary of the company, and Eugene Bryan Yates, a minor officer.

Assistant United States Attorney Wood, presenting the case to the jury for the Government, said that he would show the merged publications, with the exception of *Hampton's*, were losing money at the time of consolidation and that the stock selling campaign was based on fraudulent representations. The combination, he said, went into receiver's hands in October, 1911, with office furniture as its principal assets.

When the case came to trial it was learned for the first time that an indictment had been found against Joseph Brinton Haynes, a former president of the company, who is charged with a part in the stock selling scheme which gathered in all more than \$1,000,000 from a public that believed in the money making power of magazines.

Haynes disappeared at about the time that the affairs of the company were called to the attention of a Federal Grand Jury, and is said to be in London.

The trial will be continued today.

## ROAD OPPOSES INCOME TAX

The Pennsylvania Says It Is Only an Additional Tax.

WASHINGTON, June 5. The Pennsylvania Railroad Company, through Henry Tattall, today submitted a brief to Senator Williams' subcommittee considering the income tax feature of the Underwood bill, objecting to the clause taxing corporate bonds which says that "both principal and interest are payable without deduction for any tax which the company may be required to pay or retain therefrom under any present or future law."

The railroad company asserts that the proposed income tax is not an income tax but an additional tax on the corporation and that the tax collected will be more than the amount contemplated by the bill on incomes. This will become true, the company claims, because the bill contains no provision that a corporation may be relieved from payment of the tax on an amount that would be exempt if collected from those receiving the interest.

The subcommittee requested the company for a fuller explanation in a new brief. The company suggests an amendment which the subcommittee is now considering.

## WALKED FLOOR DAY AND NIGHT WITH ECZEMA

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148 St. Ann's Ave., Bronx, N. Y.—"I had eczema in the very worst condition. When I got it all pimples came on my whole body except my face. Then gradually it became worse. I had it so that I could not wear any clothes. I walked the floor day and night for a week and could not lie in bed it itched me so. I could not sleep. I tell you I hate to think of it, it was such a suffering. I would try and sit down for a few minutes. I would be so tired, but I would have to get up again. Then I would lie on the leather couch and when the fever would get hot again I would have to walk."

"I lived on a mild diet all the time for two weeks; I could not eat. But when I used the Cuticura Soap and Ointment I was certainly cured and I can recommend the Cuticura Soap and Ointment to everybody." (Signed) Miss Etta Bottels, May 8, 1912.

A single cake of Cuticura Soap 25c, and box of Cuticura Ointment 50c, are often sufficient when all else has failed. Cuticura Soap and Ointment are sold by druggists and dealers everywhere. Liberal sample of each mailed free, with 32-p. Skin Book. Address post-card "Cuticura, Dept. T, Boston."

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## CONGRESS AWAITS WILSON'S BANK PLAN

House Committee Ready to Take Up Administration Measure at Once.

GLASS DISLIKES DELAY

Bryan Is Not Obtruding His Views, but There Is Friction.

WASHINGTON, June 5.—Leaders in Congress and Administration officials in view of the present disturbance in the financial world are more than ever convinced of the need of the enactment of a banking currency law before this session of Congress ends. For political reasons the Democrats are disturbed over the present trend and many of them believe a serious blunder will have been made if Congress is permitted to adjourn without revising the bank and currency laws.

A leader in the confidence of the Administration made the statement today that falling prices pointed to the necessity of establishing the banking and currency system on a modern basis before the present session adjourns.

The same idea is in the mind of President Wilson. In fact the President made it plain today that he would be willing to stay in Washington all summer and fall if that should seem necessary for the enactment of currency legislation. The President did not say this, however, as indicating any intention on his part to "drive" Congress on this matter.

Democrats who advocate banking and currency legislation were insisting most strongly themselves to-day that it is the duty of the Administration to keep Congress in session indefinitely if necessary to put through a currency measure.

President Wilson has three bills under consideration that will be made the basis of the measure that he will approve. One was prepared by Mr. Glass, another by Senator Owen, and the third is the handwork of Secretary McAdoo and others who have been working under the direction of the President.

Mr. Glass is prepared to take up the question in the House as soon as he receives word from the Administration. There is reason to believe that President Wilson is biding his time, hoping to get an agreement in advance of the introduction of his bill among the leaders who will handle this legislation in the two houses.

It is known that Chairman Glass is disappointed over the delay in the introduction of the banking and currency bill. He had hoped to utilize the month of June in debate on the measure in the House, planning to transmit it to the Senate on or about July 4. None of the House leaders now hopes to put the legislation through that body much before August 1, unless a rule is reported to.

Although this is his favorite hobby, Secretary of State Bryan is not interfering with the banking and currency plans of the Administration. This was learned in an authoritative quarter today. Mr. Bryan believes as strongly as ever in the system of government guarantee of bank deposits, but he has no intention of pressing it on Congress or the Administration at this time. Secretary Bryan does not approve the plan of asset currency, which will be the basis of the Administration measure, but he will not oppose it in any way. The Congressional leaders have been so informed by Secretary Bryan himself.

It is up to the Administration to decide whether the banking and currency bill shall be passed by both houses at this session. The leaders will abide by the wishes of the Administration, even if the session is projected until late in the fall.

Patterson Policeman Acquitted.

William J. Bergen, the Patterson policeman who was charged with setting fire to his automobile in Ramsey on February 17 to get the insurance, was acquitted yesterday.

## SAYS GEN. MEAGHER DROWNED.

Mr. Sherwood's Reasons for Not Crediting the Lynching Story.

Gen. Thomas Francis Meagher, war hero and acting Governor of Montana, who dropped out of sight on the night of July 1, 1867, was not lynched, as an old vigilante said in Butte a few days ago, thinks J. K. O. Sherwood of 192 Broadway. Mr. Sherwood, who is a Montana pioneer himself, believes that the story of ex-Vigilante David M. Billingsley is only a yarn.

"Port little joke about Fort Benton was a street along the Missouri River bank," Mr. Sherwood said yesterday. "Gen. Meagher, whom I knew well, had gone aboard the steamboat George A. Thompson to spend the night. I was sleeping in a warehouse ashore and could see the boat's lights. There wasn't anything resembling a hotel in the town."

"The story spread abroad by Meagher's enemies the next day, when he had disappeared, made out that he had fallen overboard while drunk. I don't believe anything of the kind, because that night he sat in his cabin writing letters, one of which I saw afterward. It was addressed to John H. Ming, Territorial auditor of Montana, and was dated to the minute 10:45, or something like that. The time was between 10 and 11 o'clock."

"This letter began with a gentle salutation to Fort Benton about as follows: 'My Dear Ming—Here in this great seaport, and after several feet forward and aft. Any man might have made a mistep on a dark night and gone into the water. The story of a lynching is incredible. It means that Meagher must have been taken from the boat and that the vigilantes then ran the gauntlet of all Fort Benton to get him inland and hang him. Fort Benton was an all night town. Besides there were hardly any vigilantes left in those days to lynch a buffer."

Mr. Sherwood knew that after Gen. Meagher's disappearance Ming sent a telegram to his husband's letter written that last night. Mrs. Meagher died in 1908. She was a sister of Mrs. Samuel L. M. Barlow, mother of Magistrate Peter Townsend Barlow.

Magistrate Barlow was asked yesterday if the letter to Ming had come into his hands on Mrs. Meagher's death. He said it hadn't.

Gen. Meagher also wrote to his wife, and that night commented on the Magistrate. "She never believed for a moment anything but that he stumbled overboard in the darkness and was drowned."

DAVIS FOR U. S. ATTORNEY.

P. H. Quinn of Brooklyn to Be Shipping Commissioner Here.

WASHINGTON, June 5.—J. Warren Davis of Salem, N. J., was nominated today by President Wilson to be United States Attorney for the New Jersey district.

Patrick H. Quinn of Brooklyn is appointed Shipping Commissioner of New York, succeeding Commissioner Elting Quinn is ex-Sheriff of Kings county.

Having failed to induce the appointee to accept the office the President withdrew the nomination of Joseph H. Russell of Boston to be Collector of the Port of Boston.

John Warren Davis, who is a lawyer, was born in Elizabeth City, N. C., on March 14, 1867. He holds the degrees of A. B. and A. M. from Burdett University, B. D. from Crozer Theological Seminary and B. L. from the University of Pennsylvania law school. While studying at the University of Pennsylvania he accepted a call to the Baptist Church at Dedricktown, N. J., and was its pastor until a few months ago. Mr. Quinn has been active in politics for over twenty years. He served as Deputy Street Cleaning Commissioner from 1899 to 1902, Deputy County Register from 1904 to 1906, chief auditor of the Finance Department from 1906 to 1909, and Sheriff from 1910 to 1912.

## BALTIMORE STOCK UNDERBID.

Only \$567,000 Worth Subscribed of \$5,500,000 City Issue.

BALTIMORE, June 5.—Bids were received today for only \$567,000 worth of the \$5,500,000 4 per cent city stock placed upon the block by the Baltimore Finance Commissioners. It was the opening of the bids the commissioners, acting on the conditions imposed, turned down a proposition made by a syndicate composed of Harris, Forbes & Co. and Estabrook & Co. of New York and Alexander Brown & Sons of this city which would have insured a bid on the whole amount.

The average price offered for the stock, which has a par value of \$100, was around \$50 a share.

## U. S. TO DIG INTO THE FRISCO AFFAIR

Investigation of Receivership. Bond Sale and Control Asked.

SENATOR KENYON AUTHOR

Move to Divorce the Chicago and Eastern Illinois Is Begun.

WASHINGTON, June 5.—A Federal investigation of the Frisco receivership is believed to be certain.

A resolution was introduced to-day by Senator Kenyon of Iowa directing the Interstate Commerce Commission to investigate and report all facts and circumstances leading up to the appointment of a receiver for the Frisco system and also the Chicago and Eastern Illinois receivership. The commission is also directed to report on the acquisition by the Frisco of the Chicago and Eastern Illinois.

The resolution went over on objection and it is expected that because of its importance will be referred to the Interstate Commerce Committee of the Senate, but a report on the resolution will be made without delay.

The resolution asks for information on the amount paid per share for both common and preferred stock of the Chicago and Eastern Illinois by the Frisco; the time of the issuance of such stock and the amount; amount of bonds issued by the Frisco at the time of the purchase; the location of the holders of bonds; the amount held in this country and abroad.

It also asks all the facts and circumstances involved in the transaction between the companies and the facts leading up to the receivership and the progress to date; the names, capitalization and bond issues of all railroads or bridge companies controlled by the Frisco; the time of such acquisitions; how acquired; amount of bonds issued at the time of such acquisition and all facts of circumstances involved in such purchases or control.

The stockholders of the Chicago and Eastern Illinois at their annual meeting in Chicago yesterday practically cut off from the Frisco connection, through the election of an entire new board of directors with the exception of one member. The member retained was F. W. Allen.

The strength of the stockholders who are leading the movement for complete separation from the Frisco through the Equitable Trust Company protective committee was demonstrated in the election of Alvin W. Krech, president of the trust company; H. H. Porter of Chicago and Henry A. Vermet of London, the three members of the protective committee, to membership on the board.

The other directors elected were Charles S. Holt, F. A. Hibbert, W. J. Jackson, Chauncey Keep, W. H. Lyford, George H. Porter and H. S. Rose. W. J. Jackson was elected president and Alvin W. Krech, vice-president.

Another part of the Frisco system which may face a receivership on July 1 when the interest on its \$12,000,000 bonds falls due, is the New Orleans, Mobile and Chicago, unless the Louisville and Nashville, which has a joint stock interest with the Frisco, stands ready to advance the funds.

The road had a deficit of \$150,000 last year. It is reported that the block of bonds that sold on Wednesday at 40 and 48 at auction were purchased by strong banking interests who may develop their interest in the road.

Benjamin F. Yeakum, who had nothing to say yesterday regarding the story that the receivers had done away with his \$5,000 job as chairman of the board of directors.

Frisco Fives at 382 Francs.

Special Cable Dispatch to The Sun. Paris, June 5.—Frisco fives were quoted on the Bourse here to-day at 380 and 382 francs. The 4 1/2s were not quoted.

Girls' Club Takes Founder's Name.

In memory of the Rev. Dr. Abbott E. Kittredge, late pastor of the Madison Avenue Reformed Church, the Manhattan Working Girls' Society got permission from Justice Gerard yesterday to change its name to the Abbott E. Kittredge Club for Girls. The club was organized by Dr. Kittredge in 1888.

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